City of Cleveland's Community Reinvestment Area Program Residential Tax Abatement Single and Two Family Structures

The City of Cleveland's Residential Tax Abatement Policy is designed to stimulate private investment through job creation, neighborhood stabilization and residential development



CITY OF CLEVELAND Mayor, Frank G. Jackson

Daryl P. Rush, Director & Housing Officer Cecilia Rodriguez 216) 664-3442

Department of Community Development 601 Lakeside Avenue - Room 320 Cleveland, Ohio 44114

PROGRAM DESCRIPTION

The State of Ohio's Department of Development authorized the City of Cleveland through the Department of Community Development to create Community Reinvestment Areas (CRA) in which property owners and developers can apply for tax exemptions on residential real property. The City of Cleveland through Cleveland City Council passed Ordinance No. 856-07 May 21, 2007 creating a Community Reinvestment Area for the municipal boundaries of the City of Cleveland. Ordinance No. 856-07 became effective May 30, 2007.

<u>CRITERIA</u> NEW CONSTRUCTION

Residential tax abatement is offered at a rate of 100% for 15 years on all residential property in the City of Cleveland. Taxes on a newly constructed home are abated. The owner is liable for all taxes associated with the <u>improved value of the land</u>. During the term of the abatement, the land taxes will fluctuate due to changes in the tax rate, reappraisals and tax levies.

<u>CRITERIA</u> REHABILITATION

Residential property owners/developers rehabilitating single and two family homes where the remodeling costs are greater than \$2,500.00 can receive tax abatement at a rate of **100%** for **10 years** on the **improved value of the home**. Example: The initial market value of a home is \$60,000.00 and the improvements made to the home reflect a \$30,000.00 increase in the market which is now established at \$90,000.00. The tax abatement will be placed on \$30,000.00 of the improved value of the home. The owner will only owe taxes on the initial \$60,000.00.

- * Real property must be within the City of Cleveland
- * A project seeking public funding and incentives, including tax abatement, shall meet the requirements set forth by the "Cleveland Green Housing Handbook", for more information visit http://cd.city.cleveland.oh.us

IMPROVEMENTS THAT DO INCREASE THE ASSESSED VALUE OF RESIDENTIAL PROPERTY TAXES:

- * Build new or enlarge garage
- * Additional living area
- * Install additional bathroom
- * Add new porch
- * Install stall shower
- * Install indoor fireplace
- * Finish attic, second floor or bedroom with paneling, plaster or plasterboard

<u>CRITERIA</u> REHABILITATION

IMPROVEMENTS THAT DO NOT INCREASE THE ASSESSED VALUE OF RESIDENTIAL PROPERTY TAXES:

- * Install new roof
- * Install aluminum siding; repair siding
- * Install storm windows and doors
- * Add windows and doors
- * Repair, replace, add window shutters
- * Install awnings
- * Add/replace gutters and downspouts
- * Repoint, repair, replace masonry
- * Add window boxes
- * Repair, replace porches and steps
- * Install lawn sprinkling system
- * Plant lawns, shrubs, grass, plants
- * Scrape and paint house
- * Install, repair, replace sidewalks/driveway
- * Normal repairs and maintenance will not increase the real estate tax assessment of your home.

NOTE: The above items do not increase your property value unless a complete remodel is done to the entire property that includes mechanicals.

Removal of dilapidated sheds or garages will result in those items being removed from the tax duplicate. For clarification on all matters dealing with real estate taxes, contact the Office of the Cuyahoga County Auditor at (216) 443-7100.

COMMUNITY REINVESTMENT AREA PROGRAM RESIDENTIAL TAX ABATEMENT SINGLE AND TWO FAMILY STRUCTURES HOW TO APPLY

STEP I - BUILDING PERMIT

Every project should begin with a Green Development Plan by the owner, design professional and the builder/contractor.

The Applicant must obtain a Building Permit from the Department of Building and Housing, 5th Floor of Cleveland City Hall. The permit must state either new construction of dwelling or complete remodel with mechanicals for rehabilitation. The permit must have the true value of costs to build new or remodel.

STEP II - CONSTRUCTION/REMODEL

Begin construction or remodel.

STEP III - COMPLETION

After the work is completed and the Golden Rod/Sign-Off Sheet has been finalized by all required Inspectors, the Golden Rod/Sign-Off Sheet must be taken to the Record Room of the Department of Building and Housing to generate the Certificate of Occupancy. The Certificate of Occupancy will be mailed to the applicant.

STEP IV

The Applicant completes the Residential Tax Abatement Application and mails it to the Department of Community Development with copies of the Building Permit and Certificate of Occupancy (or finalized Golden Rod/Sign-Off Sheet), and third party verification of compliance with Green Standards certification attached. If the property is being sold and a purchase agreement is available after receipt of the Certificate of Occupancy or Golden Rod/Sign-Off Sheet, a copy of this document must be attached to the application.

STEP V

The Housing Officer for the Residential Tax Abatement Program reviews the application along with the required documents for completeness. If the application and supporting documentation meets the requirements of the program, the Housing Officer processes the application for tax abatement. The Housing Officer sends the original confirmation letter to the applicant and a copy to the Auditor's Office. If the property is being sold, it is the responsibility of the Applicant to send a copy of the confirmation letter to the new homebuyer.

STEP VI

The Cuyahoga County Auditor's Office has a dual role in the process of the Residential Tax Abatement Program:

- The appraisers review each remodel and new construction permit issued in the City of Cleveland. Upon the appraiser's field inspection and verification that the property is at least 35% complete (new construction); value will be added to that property. Value is placed on the tax duplicate in January of each year. Example: A permit issued to construct a new home on March 22, 2007 will be field inspected by the County Appraiser in 2008. If the house is 35% complete (exterior walls and roof), value will be placed on the tax duplicate for the January 1, 2008 tax year with the tax payment due January, 2009.
- 2) Second, once the tax abatement application has been submitted to the Cuyahoga County Auditor's Office, they will adjust the tax duplicate accordingly.

COMMUNITY REINVESTMENT AREA RESIDENTIAL TAX ABATEMENT PROGRAM ONE AND TWO FAMILY STRUCTURES

GUIDELINES

The Tax Abatement Application must be completed in its entirety and all required documents attached to be eligible. The application is forwarded to:

Cecilia Rodriguez
City of Cleveland, Department of Community Development
601 Lakeside Avenue - Room 320
Cleveland, Ohio 44114
(216) 664-3442

Applications for single and two family homes are filed at the time the building construction or remodel of the residential property is completed and a Certificate of Occupancy (or finalized Golden Rod/Sign-Off Sheet) has been issued from the Department of Building and Housing.

All applications must be filed and processed with the City of Cleveland by November 1st of the following year in which the Building Permit was issued to ensure the abatement is in place before the next tax year. Failure to adhere to this guideline will result in the owner losing years on the abatement and owing taxes the first year in the home.

TERMINATION:

The City of Cleveland may terminate the tax exemption after the first year if the Housing Officer finds that the property is not being properly maintained or repaired due to the neglect of the owner and/or the taxes have become delinquent; and once terminated, the City shall not reinstate the tax exemption.

COMMUNITY REINVESTMENT AREA PROGRAM RESIDENTIAL TAX ABATEMENT SINGLE AND TWO FAMILY STRUCTURE APPLICATION

Applicant Name (Print)	Address/City/State/Zip	Phone/fax	E-mail
Seller (If not applicant)	Address/City/State/Zip	Phone/fax	E-mail

Property Profile

Address		Permanent Parcel Number		Ward	No. of units (circle one)		New construction	
					1	2	Rehabilitation	
Current Market Value Before Sale *	Current proper Tax	rty	Price paid for property	Date	of purch	nase	Cost of Construction / improvement	
Is this project receiving City founds circle one: CDBG HOME HTF AAH NSP N/A						N/A		

^{*}Market value and tax as shown on County Auditor's website @ www.auditor.cuyahogacounty.us

Buyer information (if property is sold)

Buyer (If applicable)	Address/City/State/Zip	Purchase agreement (copy attached)
		Yes No
Current sale price	Date sold	Estimated property tax on sale price

Permit Profile

BLDG. Permit No. (attach copy)	Date of permit	Estimated cost shown on permit	Date of certificate of occupancy or sign off (attach copy)	Neighborhood

Beginning January 1, 2010 please attached one of the following:

LEED Certification	NABC Gold Plus Certification	Enterprise Green communities certification

Additional information regarding this program may be found at the U.S. Green Building Council Website www.usgbc.org

SIGNATURE DATE

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City of Cleveland, Department of Community Development
601 Lakeside Avenue – Room 320
Cleveland, Ohio 44114 (216) 664-3442
crodriguez2@city.cleveland.oh.us